

Message Text

UNCLASSIFIED

PAGE 01 EC BRU 05036 091959Z

73

ACTION EUR-25

INFO OCT-01 ISO-00 ACDA-19 CIAE-00 INR-10 IO-14 L-03

NSAE-00 NSC-07 RSC-01 SCI-06 FEA-02 PM-07 DODE-00

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INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AEC GERMANTOWN 1237

USMISSION OECD PARIS

UNCLAS EC BRUSSELS 5036

E.O. 11652: NA

TAGS: TECH, EEC, US

SUBJECT: URANIUM ENRICHMENT

REF: EC BRUSSELS 4778 (NOTAL)

1. SUMMARY: AT THE JULY 9 SESSION OF THE EUROPEAN PARLIAMENT, EC COMMISSION VICE PRESIDENT SIMONET PUBLICLY STATED IN REPLY TO PARLIAMENTARY QUESTIONS THAT THE COMMUNITY WOULD BE FORCED TO TURN TO THE SOVIET UNION FOR ENRICHED URANIUM IF USAEC IS UNABLE TO MEET THE REQUIREMENTS OF EUROPEAN CUSTOMERS. HE SAID IT WOULD ALSO BE NECESSARY TO ASK URENCO AND EURODIF TO RECONSIDER THEIR PLANS AND DEVELOP GREATER EUROPEAN CAPACITY THAN PRESENTLY ENVISAGED. END SUMMARY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 EC BRU 05036 091959Z

2. DURING THE QUESTION HOUR IN THE EUROPEAN PARLIAMENT IN

STRASBOURG ON JULY 9, EC COMMISSION VICE PRESIDENT SIMONET WAS ASKED A GENERAL QUESTION REGARDING THE FUTURE PLANS FOR NUCLEAR ENERGY IN THE EC. IN HIS REPLY SIMONET REVIEWED THE COMMISSION'S PLANS FOR A FUTURE ENERGY STRATEGY AND NOTED THE NEED TO PROCEED CAREFULLY IN THE NUCLEAR FIELD BECAUSE OF WHAT HE CALLED THE IMBALANCE IN THE SUPPLY AND DEMAND OF NATURAL AND ENRICHED URANIUM. REGARDING THE LATTER, HE SAID " SOME DIFFICULTIES" HAD ARISEN ABOUT USAEC ENRICHMENT CONTRACTS FOR THE PERIOD 1981-91 (SIC) AND SAID HE HOPED "THE U.S. AUTHORITIES CAN ASSURE US THAT OUR CONTRACTS CAN BE SIGNED". IF NOT, HE SAID IT WOULD BE NECESSARY FOR THE EC TO TAKE STEPS TO UNSURE THAT THE PLANS FOR EUROPEAN NUCLEAR PLANTS CAN BE REALIZED; IT WOULD BE NECESSARY TO TURN TO THE TWO EUROPEAN ENRICHMENT PRODUCERS--URENCO AND EURODIF--AND ASK THEM TO CONSIDER ENLARGING THEIR PLANT CAPACITIES AND IT WOULD BE NECESSARY TO TURN TO THE SOVIET UNION FOR THE SUPPLY OF ENRICHED URANIUM.

3. IN AN OBVIOUS REFERENCE TO FRANCE, A PARLIAMENT MEMBER ASKED SIMONET TO COMMENT ON THE PRESENT SITUATION IN WHICH ONE MEMBER STATE HAS CONTRACTED FOR SALE OUTSIDE THE COMMUNITY OF ENRICHED URANIUM AT A TIME OF SUPPLY DIFFICULTIES AND WHEN ANOTHER MEMBER STATE IS IMPORTING ENRICHED URANIUM FROM THE SOVIET UNION. IN RESPONSE, SIMONET SAID THE NEGOTIATIONS HAVE NOT YET RESULTED IN THE SALES OF ENRICHED URANIUM AND, IN ANY CASE, THOSE NEGOTIATIONS HAD BEGUN WHEN "WE WERE NOT YET AWARE OF AEC DIFFICULTIES." HE SAID AGAIN HE HOPED THAT THE AEC CONTRACTS WILL BE SIGNED BUT IF NOT, MEASURES WOULD BE REQUIRED TO SAFEGUARD THE INTERESTS OF EUROPEAN CUSTOMERS. TO ANOTHER QUESTIONER WHO ASKED ABOUT THE POSSIBILITY OF EC PARTICIPATION IN ENRICHMENT CAPACITY IN A COUNTRY HAVING NATURAL URANIUM, SUCH AS CANADA, SIMONET SAID THE EC SHOULD FIRST LOOK AT THE POSSIBILITY OF CREATING AN AUTONOMOUS CAPACITY IN EUROPE. HE SAID THAT WHEREAS EARLIER CRITICISMS HAD BEEN HEARD IN THE PROTECTIONIST NATURE OF COMMISSION PROPOSALS BECAUSE THEY URGED EUROPEAN CUSTOMERS TO BUY FROM URENCO AND EURODIF IN ORDER TO HELP THEM, IT IS NOW CLEAR THEY WERE NOT TOO AMBITIOUS BUT TOO TIMID IN THEIR PLANS.

4. AS MORE AND MORE MEMBERS BEGAN TO PARTICIPATE IN THE DEBATE, SIMONTE WAS ASKED ABOUT THE NATURE OF THE DIFFICULTIES WITH THE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 EC BRU 05036 091959Z

AEC. HE GAVE THE FOLLOWING SYNOPSIS IN RESPONSE: THE DIFFICULTIES AT FIRST WERE BASICALLY REGARDING PRICE. (COMMENT: SIMONET DID NOT ELABORATE AND WE KNOW OF NO ISSUE THAT INVOLVED PRICE.) THE AEC HAD THEN SET JUNE 30 AS THE DEADLINE FOR NEW CONTRACTS. NOW THAT THE DEADLINE HAS PASSED, THE AEC HAS SAID IT MUST HAVE TIME TO CONSIDER ALL QUESTIONS RELATING TO ENRICHMENT BECAUSE A NUMBER OF REQUESTS FOR CONTRACTS NOW EXCEED AEC ENRICHMENT CAPABILITY. IN ITS CONSIDERATION, THE AEC IS

LOOKING AT THE POSSIBILITY OF PLUTONIUM RECYCLING AND IS REVIEWING DIFFERENT REQUESTS FOR ENRICHMENT CONTRACTS. THE DANGER IS THAT SOME EUROPEAN REQUESTS MAY NOT BE MET AND THE EC WOULD THEN HAVE TO MAKE SOME "DELICATE AND SENSITIVE DECISIONS." IN RESPONDING TO A FUTURE QUESTIONER WHO IMPLIED THE COMMISSION IS NOT DOING ALL IT SHOULD IN THE PRESENT SITUATION, SIMONET SAID NO FINAL DECISION HAS YET BEEN MADE THAT THE US WILL NOT MEET EUROPEAN NEEDS. IF THAT SITUATION ARISES, HE REPEATED THAT THE COMMUNITY WILL HAVE TO CONSIDER TURNING TO OTHER EXTERNAL SOURCES AND STRENGTHENING EUROPEAN ENRICHMENT CAPABILITIES.

5. COMMENT: IT IS CLEAR THAT THE DISCUSSION AROUSED CONSIDERABLE INTEREST AMONG MEMBERS OF THE EUROPEAN PARLIAMENT WHO HAD NOT OTHERWISE BEEN AWARE OF THE PROBLEM, ALTHOUGH A FRONT-PAGE ARTICLE IN THE LONDON TIMES ON JULY 8 HAD INITIATED A CERTAIN AMOUNT OF INTEREST, ESPECIALLY AMONG THOSE WHO FOLLOW NUCLEAR ENERGY MATTERS. IT MAY BE THAT TODAY'S DEBATE MAY STIMULATE MORE WIDESPREAD INTEREST IN THE SUBJECT. GREENWALD

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